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Joint Legislative Audit and Review Committee (JLARC)

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January 29, 2004

TO: Members of the Joint Legislative Audit and Review Committee

FROM: Robert Krell, Research Analyst

SUBJECT: **DSHS Mental Illness Prevalence Study (Follow-Up to JLARC's 2000 Mental Health System Performance Audit) - REVISED**

Summary

DSHS's Mental Health Division has just completed a legislatively mandated study on the prevalence of serious mental illness within the state. Prevalence of mental illness in the different regions of Washington is significant because it is one of the factors that must be considered when allocating nearly \$750 million in biennial funding to the state's Regional Support Networks. The study updates an earlier prevalence study known as the PEMINS study. JLARC's 2000 audit found a statistical relationship between the percentage of seriously mentally ill persons in need of publicly funded mental health services in a Regional Support Network (RSN) – as estimated in the earlier study – and the percentage of Medicaid-eligible persons in an RSN. The updated study indicates a slightly less strong relationship between those needing publicly funded mental health services and those eligible for state medical assistance programs. However, considerations of how mental health funding is apportioned to regions across the state should reflect **all** funding streams, including Medicaid funding, other federal resources, and all state resources for both in-patient hospitalizations and community-based services for mentally ill individuals.

Introduction

The Mental Health Division (MHD) of the Department of Social and Health Services has just completed a legislatively mandated study on the prevalence of mental illness within the state. The mandate followed a recommendation in JLARC's 2000 performance audit of the state's public mental health system. Prevalence of mental illness in the different regions of Washington is significant because it is one of the factors considered when allocating nearly \$750 million in biennial funding to the state's Regional Support Networks (RSNs). This brief JLARC staff report reviews pertinent background information, highlights the study process and key results, and discusses implications related to funding. The Executive Summary of the DSHS report is attached for your information.

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Background

JLARC concluded in its December 2000 performance audit of the state's public mental health system that the means for allocating funds to the state's RSNs was inequitable, resulting in wide disparities in the amount of resources made available for community mental health services.

Related to this conclusion, JLARC also found:

- One of several problems with DSHS's funding allocation method was its basis, in part, on a nearly 20-year-old estimate of the prevalence of mental illness within Washington – an estimate for which supporting documentation no longer existed.
- A newer 1998 estimate of the prevalence of mental illness in the state was available from the PEMINS (*Prevalence Estimation of Mental Illness and Need for Services*) study. Dr. Charles Holzer III of the University of Texas, conducted that study on behalf of DSHS through a telephone survey of 7,000 Washington State residents.¹ While the study was well regarded because of its breadth, an acknowledged shortcoming was that some groups – such as the homeless – were left out because of the reliance on telephone surveys to gather data. JLARC concluded in 2000 that this shortcoming likely did not affect one RSN substantially more than another, and therefore it still provided a good estimate of the relative differences in the need for publicly funded mental health services among different regions of the state.
- There was a strong statistical association between the proportion of people needing public mental health services within each RSN, as estimated by the PEMINS study, and the proportion of Medicaid-eligible persons within each RSN. Thus the latter was found to be a good proxy measure for the former. Also, data on those eligible for Medicaid can be updated annually without the costs of carrying out a specialized one-time study.

JLARC recommended in 2000 that the Mental Health Division: 1) substantially reduce the disparity in funding to the RSNs per Medicaid-eligible person (Recommendation 11c), and 2) conduct periodic studies of the regional prevalence of mental illness to determine whether the statistical association between the percentage of Medicaid-eligible people and the percentage needing publicly funded mental health services remains intact (Recommendation 12).

Subsequent to JLARC's audit, the Legislature took two related actions as part of its 2001-03 operating budget (Chapter 7, Laws of 01, E2). First, it authorized DSHS to implement a new formula for allocating resources among the RSNs, to be phased in over a six year period. The changes made included placing greater emphasis on the number of persons in each RSN eligible for Medicaid and other medical assistance programs. Second, the Legislature also

¹ Trained clinicians conducted follow-up interviews with those whose initial responses indicated the potential for psychotic disorders.

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appropriated \$500,000 for a study of the prevalence of mental illness among the state's RSNs, to include an examination of how prevalence estimates compare to the number of persons enrolled in medical assistance programs. In conducting the study, the Department was directed to consult both with JLARC and various stakeholder groups. JLARC was also directed to review the results of the new study. This memo constitutes that review.

The New Prevalence Study

Process and Methodology: The Mental Health Division contracted with the *Washington Institute for Mental Illness and Research* to conduct this new prevalence study; Dr. Ron Jemelka coordinated the effort. A Prevalence Advisory Committee (PAC), including RSN, provider, consumer, and research representation, guided the study process and provided advisory oversight. JLARC staff also participated in an observational capacity. An "Expert Panel," consisting of leading national researchers in mental illness prevalence studies, was also formed to serve in a consultative capacity as the study progressed.

The Prevalence Advisory Committee agreed that the original PEMINS study was a state-of-the-art effort and agreed to carry out the new study by: 1) updating the original PEMINS study to reflect 2000 census data, and 2) developing estimates of mental illness among groups either excluded or deemed to have been undercounted in the original study. Such groups included children, the homeless, and those living in institutional and other group quarters. Early on the PAC also established two key assumptions related to the overall study:

- While the original PEMINS study provided estimates according to 13 different models of mental health need, the PAC decided that the model that should be focused on for the new study was what was referred to as the ***medium-band*** definition of mental health need. Broadly, this **refers to persons who have a major mental disorder and meet at least one of the following four criteria:** functional limitation that limits major life activities; use or desire to use mental health services; considered a danger to self or others; or dependence (i.e., inability to support one's self or provide for one's own care).
- To examine how prevalence rates compare to the number of Medicaid-eligibles,² the PAC decided that the study should report estimates of both the total prevalence of mental illness within areas of the state, as well as the prevalence among those living in households at or below 200 percent of the federal poverty level. This was the measure used in the original PEMINS study as a proxy for those needing publicly funded mental health services.

² The budgetary language mandating the study directed that it examine how estimates of the prevalence of mental illness relate to the number of persons "enrolled in medical assistance programs" in each RSN. In conducting the study, study staff (and JLARC staff) interpreted the language as referring to the number of "Medicaid eligibles," which was the measure referenced in the 2000 JLARC audit. In fact, the study language is slightly broader in that in addition to approximately 830,000 Medicaid eligible clients, it also includes approximately 12,000 individuals who are eligible for the state's GA-U and Medically Indigent Programs. Study staff have re-run all appropriate calculations to include these additional individuals, and those updated calculations are reflected in this report.

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Study Results: The study's estimate of the number of cases of serious mental illness, both among the state's total population as well as those in need of publicly funded services, is shown below in comparison to the original 1998 estimate.

Estimated Cases of Serious Mental Illness Within Washington State Updated Study Compared to Original Estimate

	Estimated Serious Mental Illness	
	Among Total Population	Among Those Needing Publicly Funded Services ³
Original PEMINS Study Adults in households	157,070	60,332
Updated Study Adults in households	165,154	60,072
Plus estimates for:		
>Children	105,969	63,899
>Homeless	8,104	8,104
>Other Groups Excluded From Original Study	16,657	16,657
TOTAL	295,884	148,732

Two things stand out in the above table. First, by including estimates for groups either excluded or underrepresented in the original PEMINS study, the new study adds substantially to the estimated prevalence of serious mental illness within the state. Second, and perhaps more notably, there is a substantial difference in the estimates for serious mental illness in total, and serious mental illness among those considered to be in need of publicly funded mental health services. Moreover, the two estimates are not necessarily distributed similarly, or proportionately, among the state's RSNs. The table on the following page shows each RSN's percentage of the state total for five separate measures: population, total serious mental illness, serious mental illness among those in need of publicly funded mental health services, Medical Assistance eligibles, and Community Mental Health funding.

As can be seen, in some RSNs there is a marked difference in the percentage share of serious mental illness in total, and serious mental illness among those in need of publicly funded mental health services. The greatest difference is in the state's largest RSN, King County, which has percentage shares of 29.7 and 26.6 percent respectively. However, this difference is much less than the difference estimated in the original 1998 PEMINS study: 30.4 percent for total and 21.6 percent for those needing publicly funded services. The increase in King County's estimated share of the seriously mentally ill in need of publicly funded mental health

³ Included for the original study are adults living in households below 200 percent of the federal poverty level. Included for the updated study are adults living in households below 200 percent of the federal poverty level, children living in households below 250 percent of the federal poverty level, and all those in the homeless and other group estimates.

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services is likely attributable to the new study's inclusion of mental illness among the homeless and other groups that were excluded from the original study.

Regional Support Networks Percentage of Statewide Total for Five Separate Measures

Regional Support Network	2000 Total Population	Estimated Serious Mental Illness		Medical Assistance Eligibles	Community MH Funding Allocation*
		In Total	Needing Publicly Funded Services		
King	29.5%	29.7%	26.6%	21.4%	24.1%
North Sound	16.3%	15.8%	15.1%	13.9%	13.5%
Pierce	11.9%	12.2%	12.5%	12.2%	13.4%
Greater Columbia	10.2%	10.0%	11.4%	14.9%	11.7%
Spokane	7.1%	7.5%	8.4%	8.9%	9.2%
Clark	5.9%	5.9%	5.8%	6.1%	5.3%
Peninsula	5.5%	5.3%	5.3%	4.7%	5.4%
Thurston/Mason	4.4%	4.2%	4.2%	4.0%	4.2%
North Central	2.2%	2.3%	2.8%	3.9%	3.3%
Chelan-Douglas	1.7%	1.7%	2.0%	2.1%	1.7%
Timberlands	1.6%	1.5%	1.7%	2.2%	2.3%
Southwest	1.6%	1.6%	1.7%	2.1%	2.3%
Northeast	1.2%	1.2%	1.3%	1.8%	1.8%
Grays Harbor	1.1%	1.2%	1.3%	1.7%	1.9%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%

* Based on funding model projections and assuming full model implementation. Includes Medicaid, Non-Medicaid, Expanded Community Service (ECS) and Federal Block Grant funding.

The table above also shows how the RSNs' percentages of the seriously mentally ill compare to their percentage of medical assistance program eligibles within the state. This comparison is significant because, as noted previously, JLARC's 2000 performance audit of the mental health system concluded (based on the findings of the original PEMINS study) that a similar measure – the number of Medicaid-eligibles in an RSN – served as a good proxy for the number of people needing publicly funded mental health services. The Legislature subsequently authorized DSHS to begin phasing in a new system for allocating funds to the RSNs that placed greater emphasis on the number of persons eligible for Medicaid and other medical assistance programs. Findings from the new prevalence study, however, indicate the relationship between the estimated number of people needing publicly funded services and the number of medical assistance program eligibles has lessened slightly. As can be seen above, there are two RSNs – King County and Greater Columbia – where there is a noticeable difference between the percentage of medical assistance program eligibles and those estimated to need publicly funded mental health services.

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Finally, though not part of the new prevalence study, the preceding table also shows what each RSN's proportion of community mental health services funding would be under the current funding system *if* that system were fully implemented (which it is not scheduled to be until FY 2007). Although a portion of the new system is based on the number of persons eligible for Medicaid and other medical assistance programs in an RSN, many other factors are also considered and thus there is not a direct one-to-one relationship between funding and the number of those eligible. The table shows there is **less** of a discrepancy between funding and need for public mental health services, than there is between medical assistance program eligibility and need for public services.

JLARC's Assessment

Our conclusion is that the current study is a good faith and commendable attempt to estimate both the overall prevalence of serious mental illness within the state, as well as the prevalence among those in need of **publicly funded mental health services**. Both 2000 census data and estimates for targeted populations – including the homeless, children and other groups underrepresented in the original study – have been included in this update.

Late in the study process, after initial draft results had been distributed, some members of the Prevalence Advisory Committee (PAC) raised concerns over various methodological and definitional issues; issues that went back to the original PEMINS study. The primary concern related to the appropriateness of one of the four secondary variables – “dependence” – that could be met in order to be considered seriously mentally ill.⁴ At our request, the author of the original PEMINS study re-ran the original data to determine the extent to which this variable impacted the overall study results. His conclusion was that “removing the dependence criterion makes little difference in the direct survey prevalence and correspondingly would make little difference in the county level estimates.”

There are some other lesser concerns regarding some of the study findings. As two examples:

- Many PAC members questioned what seemed to be a comparatively large estimate of serious mental illness among the homeless in Spokane County.
- JLARC staff believe the study may overestimate the number of children in need of publicly funded mental health services. This is because of the PAC's decision to include in its estimate children living in households under 250 percent of the federal poverty level, rather than limiting it to 200 percent as specified under current state guidelines.

Given the scope of the study it is not surprising that there are some findings that some might take issue with. JLARC members and other legislators may hear about these or possibly even other issues. From JLARC staff's perspective, however, these concerns are relatively minor

⁴ To meet the definition of “serious mental illness,” one had to have a major mental disorder *and* meet one of four additional criteria: functional limitation, use or desire to use mental health services, danger to self or others, or dependence.

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and do not take away from our overall assessment of the study being a quality effort – given constraints of cost and overall feasibility.

Implications for Funding of Community Mental Health Services

The 2000 JLARC audit found a strong association between the estimated need for publicly funded mental services and the percentage of Medicaid-eligible people. The new prevalence study indicates a slightly less strong relationship between those needing publicly funded services and the number eligible for state medical programs. This is most apparent in two of the state's RSNs. In light of this, there may be some calls for the Legislature to modify the current funding structure.

Both the current and original PEMINS study show that there is a substantial difference between the estimated prevalence of serious mental illness *in total*, and the prevalence among those *in need of publicly funded mental health services*. The Legislature should take this into consideration in considering any changes to the funding allocation method. Moreover, considerations of how state mental health funding is apportioned to regions across the state should reflect **all** funding streams, including Medicaid funding, other federal resources, and all state resources for both in-patient hospitalizations and community-based services for mentally ill individuals.

Attachment